Judge: Hon. Marc L. Barreca
Chapter: Chapter 7
Hearing Date: January 20, 2012
Hearing Time: 9:30 a.m.

UNITED STATES BANKRUPTCY COURT FOR THE
WESTERN DISTRICT OF WASHINGTON AT SEATTLE

In re:

ADAM GROSSMAN ,

Debtor.

Case No. 10-19817

TRUSTEE'S RESPONSE TO DEBTOR'S MOTION FOR ABANDONMENT OF TERRINGTON DAVIES, LLC.

Ronald G. Brown, the Chapter 7 Trustee in the above-captioned case, by and through his undersigned counsel, responds to the Debtor's Motion for Abandonment of Terrington Davies, LLC., as set forth below.

Terrington Davies, LLC., has not filed a chapter 7 bankruptcy. Terrington Davies is owned by Adam Grossman and Jeffrey Bornstein, presumably with each holding a 50% interest. Thus only the debtor's 50% interest in Terrington Davies would constitute an asset of this estate.

However, on December 14, 2010, while this case was a chapter 11, the debtor, without motion, notice or court approval sold his interest in Terrington Davies, or Terrington Davies itself (it is unclear which transfer was attempted) to Keywest Financial. See docket #258, Exhibit 3 to the Declaration of Denice Moewes. To date, Keywest has paid no consideration for the transfer of Terrington Davies.

The transfer of all of the debtor's assets to Keywest, for no consideration and without court approval, is one of the many transfers which are the subject of adversary proceeding number 11-1954. However, as of this date there has been no order entered avoiding the

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303 N. 67th Street
Seattle, WA 98103
(206)623-4382

transfer of Terrington Davies to Keywest so as of this date, that asset perhaps is not property of this estate, because it may belong to Keywest.

Keywest filed a voluntary chapter 7 petition in the U.S. Bankruptcy Court for the Northern District of Georgia on December 19, 2011 and was assigned case number 11-86137. The case was filed pro se, despite the fact it is a corporation, no filing fee was paid, and no schedules have been filed, although they are past due. Nonetheless, as of this date the case has not been dismissed. As long as the Keywest case is pending, this Debtor's Motion for Abandonment of Terrington Davies is stayed. See Declaration of Denice Moewes, Declaration, Exhibit "1", filed simultaneously herewith.

Even if the Keywest bankruptcy petition is dismissed, it seems the debtor's motion is premature until the time the Trustee obtains an order avoiding the transfers to Keywest.

On the flip side of this equation, there does not seem to be anything that would prevent the debtor's partner, Jeffrey Bernstein, from preparing the K-1's.

This debtor has demonstrated time and time and time again that he is not trustworthy and, in fact, is a liar. Now we have to seriously wonder if he is a felonious thief as well. One of the investors in Terrington Davies, Bob Dellas (now deceased) contended that this debtor stole approximately $162,00.00 from him after this current bankruptcy was filed. Specifically he stated:

> Adam called me back late that Sunday night to admit that he had been lying and leading me on about getting my distribution. He then admitted that the money was not available. The trustee in his bankruptcy was not holding the money, as he had previously claimed. He also admitted that he had previously transferred monies out of the Tanager account and concurrently deposited another check in the same amount into the Fund in order to assure good funds for a personal real estate transaction. I do not know all the facts at this time, especially where the money went and when. There has obviously been a severe breach of fiduciary responsibility by the General Partner, Terrington Davies LLC. Unfortunately, I am out $161,737 based on the Fund's closing NAV and I intend to collect it.

Moewes Declaration, Exhibit "2".

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The Trustee wants no part of this debtor preparing any documents relating to the Terrington Davies fund as the fund was operating during the pendency of this case. The Trustee is highly concerned that the K-1's, to the extent issued, will not be accurate, and the investors will somehow contend this estate is liable. While it would be an uphill battle to prevail on such a claim, the estate does not even want to put itself in a position where it would have to defend any such claim, should it arise.

Further, Terrington Davies is a defendant in adversary proceeding number 11-1954 and the Trustee does not see how the Court can abandon Terrington Davies without abandoning the cause of action associated therewith. The Court may recall that Terrington Davies was the conduit through which the debtor made a number of unauthorized post-petition transfers. The Property was transferred to Terrington Davies, and then deeded to other parties by Irene Miller, who appears to have somehow magically became a member of Terrington Davies in the stead of Jeffrey Bernstein.

The Trustee requests that the Court deny the debtor's motion for any number of the reasons set forth above.

Dated this 13th day of January, 2012.

WOOD & JONES, P.S.

Denice E. Moewes
Denice Moewes, WSBA#19464
Attorney for chapter 7 Trustee
Ronald G. Brown

Wood & Jones, P.S.
303 N. 67th Street
Seattle, WA 98103
(206)623-4382